



# Long Island, New York

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

## Overview

Now that the fourth quarter is nearly over it is evident that 2011 was a mirror image of 2010. The activity in both sales and leasing has remained slow and is lackluster when compared to the prior years. There has been a slight drop in the vacancy rates and a slight drop in the asking rents. The office leasing sector has continued with a near zero absorption (as space is leased, more hits the market). The sublease market continues to increase its inventory but has begun to show signs of slowing down. The industrial sector has outperformed the office sector but continues at a slow pace. Most of the economists on Long Island have forecasted 2012 to be another difficult year with minor overall improvement in the commercial real estate market. It is anticipated that the true recovery will not begin until 2013. In general, most landlords have not adjusted down their asking rentals to meet the tenants' expectations. Rental concessions continue to be an area landlords have shown a willingness to offer as an inducement. Sublease space continues to cause overall vacancy rates to remain higher than our market is accustomed to. Recovery continues to be slow, and new and sublease space has continued to enter the market with only minor leasing activity to offset it.

## Market Trends

- Sluggishness will continue with little upside potential for the beginning of the first quarter of 2012.
- Asking rents may stabilize slightly, and more amenities may be offered such as rental concessions, signage, reserved parking, and upgraded work letters.

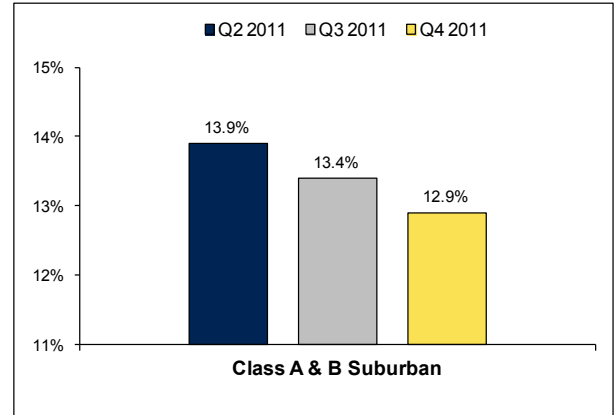
## Tenant's Perspective

While many tenants choose short-term (one- to two-year) renewals in their current space, this may be a good time for some tenants to lock into longer-term leases with more favorable conditions. Those conditions may not always be lower rent rates, as landlords are still held accountable to pro-formas set by mortgagees. But they can often result in greater concessions, in the form of free rent or tenant improvements. It is still unquestionably a tenant's market, provided the tenant can demonstrate superior credit.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Polytechnic Institute	11,000	Office	Lease
Rubin & Rothman	32,000	Office	Lease
5000 Corporate Ct.	264,482	Office	Building Sale
1600 Stewart Ave.	220,000	Office	Building Sale
Teq	45,000	Office	Lease
Suffolk Cty Dept. of Health	63,402	Office	Lease
80 Arkay Drive	120,000	Office	Sale/Leaseback

## Vacancy Rate



## Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$25.82	\$25.82	\$25.69
Class B Office	\$23.51	\$23.51	\$23.12

